

**WASHINGTON, DC** – House Majority Leader Steny H. Hoyer (MD) delivered remarks this morning at the National Press Club on the need for American leaders to look beyond two-year election cycles to address the challenges facing our country, including job creation, economic growth, and fiscal responsibility. Below are his remarks as prepared for delivery:

"The House of Representatives shall be composed of Members chosen every second Year by the People of the several States.' "In an era of monarchy, at a time when even some Americans were pushing for our leaders to be selected for life, our Founders made a revolutionary choice: they created a government that was bound, every two years, to listen to the people's verdict. That accountability has been a great source of our strength.

"But it has also been the source of our greatest test as a people. No form of government is more demanding than ours. That's why Benjamin Franklin called our government 'a republic—if you can keep it.' The behaviors that keep a republic are the civic virtues. Sacrifice, self-discipline, self-restraint: they are the virtues that tie neighbors into a community, and communities into a nation. They are the virtues that temper partisan warfare and call us to look further into the future than the next two years.

"So our form of government demands leaders who are fearful of losing the next election—but are not consumed or immobilized by that fear. Our politics may run on two-year cycles—but our problems do not. We won't get to full employment in two years. We won't get out of debt in two years. We won't get our middle class out of this historic hole of inequality and lost opportunity in two years, either. But in two years, there will always be another election—and there are always easier ways to win than taking on the long-term, structural problems that defy quick answers. It's easier to borrow and leave someone else with the bill; it's easier to rail against spending without cutting anything of substance; it's easier to stir up culture war and cultural resentment. All of those tactics have proved successful; but they are also poisonous to our future. What a republic needs is leaders who are willing to look further, even if it costs them.

"In 1993, Congresswoman Marjorie Margolies voted for the Clinton budget, and it cost her her seat in Congress. But that budget helped create 22.7 million new jobs and the biggest surplus in our history; history proved Marjorie Margolies right. I believe that history will say the same of so many of my colleagues in the 111<sup>th</sup>

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Congress who made political sacrifices to do what they believed was right.

"Our form of government also demands sacrifice from its citizens—not just in times of austerity, but at all times. It demands citizens who see through politicians promising everything at once. It demands citizens who understand that the contrived drama of the news cycle is trivial next to the slower, more profound cycles that shape our future—the cycles of educating each new generation of children, or of innovating technologies that inspire new innovations in turn, or of struggling to bring our nation's books into balance.

"When we look at last month's election, we see a great deal of anger and fear, much of it

warranted. That anger can be valuable, if it pushes us to confront America's deep challenges—but not if it pushes us into two more years of zero-sum warfare in Washington. That anger must be tempered—and I believe that it can be.

"America isn't convinced that either party has all the answers. And on November 2<sup>nd</sup>

, I believe that the voters called us to find common ground on real solutions, rather than simplistic soundbites, for real problems—problems like unemployment, economic growth, and deficit and debt reduction.

"November 2<sup>nd</sup>

certainly wasn't a victory for the Democrats. But Republican Senator-elect Rubio was also right when he said: 'We make a great mistake if we believe that tonight these results are somehow an embrace of the Republican party.'

"They were results from a public that wanted us to share responsibility, to find common ground on our common problems—to put forward a domestic agenda that thinks in terms of decades, not election cycles or news cycles. I believe that that agenda must be founded on job creation, the strength of our economy and our middle class, and real fiscal responsibility.

"When it comes to jobs, I think there's a growing recognition on both sides that manufacturing must be part of a return to long-term strength. Both parties understand that manufacturing is one of the most important sources of well-paying, middle-class jobs. Both parties understand that manufacturing has taken a severe hit over the last three decades, which saw the number of American manufacturing jobs cut nearly in half. And both parties recognize that reversing that trend is a crucial part of being the kind of nation we want to be: a nation of innovators and producers, a nation that competes and wins in the global market and keeps building so much of what makes the world run.

"Those goals are behind the  
Make It In America

agenda, a plan to rebuild America's manufacturing strength. And though the  
Make It In America

agenda has been initiated by Democrats, it is an agenda that appeals to the broad spectrum of Americans who see themselves as principled pragmatists, looking for policies that work for themselves, their families, and their country.

"In the 111<sup>th</sup>

Congress, Republicans and Democrats were able to line up behind helping American inventors get their products to market faster, making it cheaper for American manufacturers to obtain the materials they need to produce goods, helping veterans find jobs in the growing clean energy sector, and more. Labor unions and businesses alike joined to support our manufacturing agenda—because they share an understanding that it's not enough for America to innovate new technologies. We have to bring them to scale here, too—that is, it's no longer enough for

us to invent and innovate here and then watch our ideas roll off assembly lines in other countries. That pattern has cost jobs and hollowed out communities across America; and, because innovation eventually follows manufacturing, it has set us back on a range of products that will be vital to the 21

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-century economy—everything from computer chips to photovoltaic cells to precision optics to electric car batteries.

"Both parties have an interest in changing that dynamic. So I'm hopeful that we can make progress on manufacturing bills in the next Congress: bills to strengthen job-training partnerships between workers, businesses, and educators; bills to help match job-training programs to the jobs that manufacturers most need filled; bills to support American exporters, fight for a fair trade playing field for our workers and companies, and hold China accountable for the unfair subsidy it gives its own companies through currency manipulation. The creation of an environment in which manufacturing job growth is both desirable and profitable should be a joint responsibility.

"Job creation will still be the measure of our success in the next Congress. But we also need a Congress that's committed to investing in economic fundamentals and growing our middle class.

"From that perspective, I think the outcome of the tax negotiations between President Obama and Republicans is mixed. On one hand, I think that extending unemployment insurance, cutting payroll taxes, and keeping taxes low on income under \$250,000 are all proven steps to grow the economy, help families in need, and create jobs. But I simply do not believe that the deep debt that comes from Republican upper-income and estate tax cuts is worth their minimal impact on job creation. Those cuts harm our long-term prosperity, with little short-term gain in return. They are founded on the fiscal fiction that the billions included for the best-off among us will have a significant positive effect on job growth. That's why this deal is giving Democrats such pause. Having said that, I believe that action is necessary and compromise was inevitable.

"In the next Congress, we have to move beyond emergency measures. The Recovery Act helped stop a Depression—but now it's time to invest in the fundamentals of long-term, self-sustaining growth, growth that's not founded on debt. I think the investment manager Jeremy Grantham put it well when he wrote, 'In the real world, growth depends on real factors: the quality and quantity of education, work ethic, population profile, the quality and quantity of existing plant and equipment, business organization, the quality of public leadership...and the quality (not quantity) of existing regulations and the degree of enforcement.' The intelligence of our investment in real, lasting growth will determine whether we meet our goal of emerging from the recession as a stronger country.

"There's another reason why emergency measures aren't enough: the state of our middle class. Even if our unemployment rate were instantaneously sent back to 2007, we would still be a country with a declining middle class—and with levels of inequality we haven't seen in nearly a century. The middle class was struggling long before the crash hit: since 1980, in actual

dollars, the average income of the bottom 90% of Americans has not budged. Over the same period, the wealthiest 1% has come to control nearly a quarter of all income. And now, our Republican colleagues are going to the mat for a high estate tax exemption that would exclusively benefit just 39,000 of America's wealthiest families.

"Our challenge then, is to foster smart growth that lifts the middle class. And whether we will reach that goal depends on whether we have the discipline to make and sustain a long-term commitment to making things in America and promoting science and education. If we do have that discipline, we can find common ground on investing in outstanding education and basic research. That's the kind that companies have little economic incentive to perform on their own—but can turn even a relatively small public commitment into enormous dividends, as we can remind ourselves any time we use the Internet, a computer mouse, or GPS.

"This commitment should not be a partisan one. Even though the once-bipartisan science investments of the America COMPETES Act unfortunately failed to win Republican support in this Congress, I am hopeful that the partisan equation can change now that Republicans share responsibility for our growth.

"That's especially likely when Republicans' business allies remind them of the dismal economic outlook for a country whose investment in R&D as a fraction of the economy continues on a four-decade course of decline, a country that has already fallen behind Japan in patent applications and is on pace to be overtaken by China as well, and a country whose K-12 math achievement continues to rank toward the bottom of the developed world—25<sup>th</sup>

out of 34 countries measured on a recent international assessment. It should be an especially loud wakeup call to see students in Chinese school systems significantly outpacing American students on that same assessment, scoring 20% higher in math and 15% higher in science.

"So I'm hopeful that in the 112<sup>th</sup>

Congress we'll see a stronger commitment to basic research and to math and science education. I also believe we can find common ground on education reform that builds on the successful Race to the Top program to bring more accountability and data-driven results to our classrooms—while providing the necessary support to schools and teachers educating our most at-risk populations. This kind of commitment to research and education is the foundation of a stronger, more competitive middle class. It is also the foundation of real economic growth, and of the new jobs we need. In fact, according to a study from Third Way, if our economy grows by 2% instead of 3% per year over the next decade, that difference will translate to an unemployment rate seven percentage points higher.

"Another area for common ground on growth follows from Grantham's point about the 'quality (not quantity) of existing regulations.' Congress needs to take a serious look at our international competitors' regulatory policies, and to ask how they contribute to job creation. And we need to look at the quality of our own regulations: to what extent are the regulations we have protecting the status quo, and to what extent are they hindering innovation? Are there places we can make it easier to start new businesses, and easier to grow them, by simplifying and

streamlining the regulations we have? All of us have heard the cries for help from those who want to add to our country's free enterprise but feel frustrated by the government hurdles they confront.

"Democrats must stand ready to work with Republicans—and they with us—on research, education reform, and streamlining regulation. There are, of course, some core principles on which we should not compromise: expecting and ensuring that the health of our people and our environment is safeguarded, and protecting our consumers from unfair practices that put them unknowingly at great economic risk.

"The rules we enacted for Wall Street were necessary to curb the irresponsible and unchecked actions that led to financial crisis. These rules will help protect jobs and savings from another devastating crash, and they move our economy away from the damaging cycle of bubble-and-burst toward a pattern of more steady growth. For the same reason, we will protect Americans' control over their health care: it puts our companies on more equal footing against international competitors who benefit from lower health care costs, it frees potential entrepreneurs to start businesses of their own without worrying about losing health coverage, and it brings more fairness to the lives of middle-class families who for years have paid more and more for less and less secure coverage—coverage that has often failed to be there when they needed it most.

"In both cases, Democrats have worked to create rules for fair play that protect and promote economic growth. If Democrats want to be the party of middle-class security, we must also be the party of growth. We have built a remarkable network of programs to make American life more prosperous, more dignified, and more secure, from Social Security to health care reform. But if we want to keep that network in place, especially as our country ages, we can't neglect or devalue the importance of strong economic growth, which helps those programs stay viable.

"Along with opportunities, we must also recognize obligations and limits. If we are to protect America's opportunities for the long haul, and maintain America's place in the world, we must find common ground to restore America's fiscal soundness.

"The threat of fiscal turmoil is concrete, not abstract—and it will be felt in the life of every American. Unsustainable debt eventually means skyrocketing interest rates—and that makes it harder to get a college education, to start a business, to buy a house, to plan a future.

"No other issue calls so strongly for leaders who understand the importance of hard choices and hard truths. No other issue calls so strongly for citizens who know what it takes to keep a republic—the wise sacrifice today that helps our children prosper tomorrow.

"I'm heartened that the president's bipartisan fiscal commission put forward a provocative, challenging plan on debt—a plan that needs to be at the center of our national conversation. The commission's plan—along with plans released by the Bipartisan Policy Center, Rep. Schakowsky, and the Center for American Progress—is a compelling summons to a realistic embrace of responsibility. Reality tells us that we must address both spending and revenue—not, I believe, until our economy is back to health, but certainly soon.

"We're going to have to reform entitlements to keep them solvent for future generations; that could mean some combination of raising the retirement age—with an exemption for Americans who can't work as long, due to physically demanding jobs—raising the Social Security income cap, making Social Security more progressive, and sticking to the cost-control provisions we passed in the health care bill. We must continually review discretionary spending, including the largest area of discretionary spending, defense. Defense spending is now higher than in any year since World War II, and it has exploded by more than two-thirds since 2001—without even counting the money spent in Iraq and Afghanistan. As Secretary Gates has said, the Pentagon's 'culture of endless money' is now a grave threat to our military strength and national security. No discretionary expenditure should go untested for need and effectiveness.

"Finally, we're going to have to raise revenue—which can be accomplished, as suggested both by President Obama's commission and a tax reform commission under President Bush, by simplifying the tax code and reducing both rates and tax preferences. A simplified tax code can save families and businesses precious time, unleash economic growth, remain progressive, and help reduce the deficit. President Obama has indicated that he's giving tax reform serious consideration. He has my support, and I hope that it's an area on which we can make bipartisan progress in the next Congress.

"In the realm of fiscal discipline, more than any other, our economic future rests on our ability to find common ground. But if we continue to see the future in two-year increments, each party can continue to demagogue these hard choices until the crisis comes—and that crisis would make even more painful choices unavoidable.

"The challenges are daunting—but I've hardly spoken to a single American who believes that they're beyond our ability to solve, if we have the will and courage to do so. We've had the toughness and the ability to overcome far worse—and we still have those qualities. What I hear more and more, however, is the doubt that our politics are equal to our challenges. It is, at base, a doubt that we still know how to practice the civic virtues and self-discipline that guided us through revolution, civil war, and a Depression. And if—in the face of almost 10% unemployment, staggering debt, and an historically struggling middle class—we spend the next two years in squabbling, in positioning, and in trivialities, we will have proven the doubters correct, at a terrible cost to our children and country.

"When Ben Franklin reflected on the high difficulty of keeping a republic, he wasn't indulging in blind pessimism; he was challenging us, his inheritors.

"I still believe that America has a people equal to the burden of self-government in these hard times. I believe that that government was founded on exceptional principles. But I also know that our exceptionalism is not a birthright, not an entitlement. It has to be fought for and won and held in every generation. And that fight is going to define the years ahead: not a fight between nations, or between parties, but a fight to live up to the grave responsibility placed on every one of us by our precious form of government. No matter who wins the next election, or the one after, that is a fight we will win, or lose, as one."